

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND
HOSPITALS
STATE OF LOUISIANA**

Agreed-Upon Procedures

**As of and for the year
ended June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 27 2012**

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA**

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board Members of
Louisiana State Board of Dentistry
Department of Health and Hospitals
State of Louisiana
New Orleans, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We were required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Louisiana State Board of Dentistry (the Board) is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Louisiana State Board of Dentistry and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Louisiana State Board of Dentistry's compliance with certain laws and regulations during the year ended June 30, 2011.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

General

1. We determined if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, and ethics).

See finding 2011-1 detailed in the Schedule of Findings and Responses attached to this report.

2. We obtained the financial statements as of and for the year ended June 30, 2011, and performed analytical procedures comparing current and prior year financial statements, by line item. Identified and obtained explanations for variances of 10% or greater for line items that were 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

No findings noted

Cash

1. We prepared a proof of cash for the year ended June 30, 2011.

No findings noted

2. We determined that cash collection responsibilities were adequately segregated to ensure that the person responsible for cash collections was not responsible for posting accounts receivable or making deposits.

No findings noted

3. We determined that bank reconciliations had been prepared for all months in the period covered by the financial statements. We determined that there was evidence of management review of the bank reconciliations. We determined that the reconciled balance for the final month of the fiscal year agreed to the general ledger.

No findings noted

Credit Cards

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

Not Applicable – the Board does not maintain agency credit cards

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:

- A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

- Determine if each purchase is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
 - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)

Not Applicable – the Board does not maintain agency credit cards

- Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

Not Applicable – the Board does not maintain agency credit cards

B. Determine if there is evidence of management review of the two selected statements.

Not Applicable – the Board does not maintain agency credit cards

Travel and Expense Reimbursement

1. We obtained a listing of all travel and related expense reimbursements during the period under examination and traced to the general ledger for completeness. Selected for review the three persons who were reimbursed the most money:

No findings noted

A. We obtained all of the expense reimbursement reports of each selected person, including the supporting documentation, and chose the largest expense report from each person to review in detail:

- Determined if each expenditure was:
 - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.
 - For an appropriate and necessary business purpose relative to the travel

No findings noted, except for finding 2011-1 detailed in the Schedule of Findings and Responses attached to this report.

- Determined if each expenditure was supported by:
 - An original itemized receipt
 - Documentation of the business/public purpose
 - Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

No findings noted, except for finding 2011-1 detailed in the Schedule of Findings and Responses attached to this report.

- Determined if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

See finding 2011-2 detailed in the Schedule of Findings and Responses attached to this report.

Contracts

1. We reviewed the general ledger for the period under examination to identify individuals/businesses being paid for contracted professional services. Selected the five "vendors" that were paid the most money during the period and determined if there was a formal/written contract that supported the services arrangement.

No findings noted

2. We obtained a listing of all active contracts and the expenditures made during the period under examination and traced to the general ledger for completeness. Selected for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

(2) Materials and supplies

(3) Public works

No findings noted

A. We obtained the selected contracts and the related paid invoices and:

- Determined if the contract is a related party transaction by obtaining management's representation.

No findings noted

- Determined if the transaction is subject to the Louisiana Public Bid Law or Procurement Code.

No findings noted

- Determined if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

No findings noted

- Selected the largest payment from each of the 3 largest contracts selected above and determined if the invoice(s) received and payment complied with the terms and conditions of the contract.

No findings noted

- Determined if there is documentation of Board approval, if required.

No findings noted, except for finding 2011-1 detailed in the Schedule of Findings and Responses attached to this report.

Payroll and Personnel

1. We obtained a listing of employment contracts/salaries in force during the period under examination and traced to the general ledger for completeness.

No findings noted

2. We selected the five highest paid employees and:

- Determined if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.

No findings noted

- Determined if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

No findings noted, except for finding 2011-1 detailed in the Schedule of Findings and Responses attached to this report.

3. We selected the attendance and leave records for one pay period in which leave had been taken by at least one employee and:

- Determined if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.).

See finding 2011-3 detailed in the Schedule of Findings and Responses attached to this report.

- Determined if supervisors were approving, in writing, the attendance and leave of all employees.

See finding 2011-3 detailed in the Schedule of Findings and Responses attached to this report.

- Determined if the entity was maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

See finding 2011-3 detailed in the Schedule of Findings and Responses attached to this report.

4. We selected the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determined if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

See finding 2011-4 detailed in the Schedule of Findings and Responses attached to this report.

Budget

1. We obtained a copy of the legally adopted budget and all amendments.

No findings noted

2. We traced the budget adoption and amendments to the minute book.

No findings noted

3. We compared the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements. We noted no variances of 10% or greater.

No findings noted

Debt Service

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

Not Applicable – no debt was issued by the Board during the period under examination

2. Determine compliance with applicable debt covenants.

Not Applicable – the Board did not have any debt outstanding and was not subject to any debt covenant compliance requirements during the period under examination

Corrective Action

1. We obtained management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Management of the Board has provided applicable responses and corrective action plans for the above noted findings 2011-1 through 2011-4 as detailed in the Schedule of Findings and Responses attached to this report.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The Louisiana State Board of Dentistry's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Louisiana State Board of Dentistry's responses and, accordingly, express no opinion on them.

This report is intended solely for the use of management of the Louisiana State Board of Dentistry and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Malcolm M. Dienes, LLC

Metairie, Louisiana
August 29, 2011

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA**

Schedule of Findings and Responses

For the Year Ended June 30, 2011

Findings Related to Agreed Upon Procedures

2011-1 Formal Written Policies & Procedures

Finding

The Board's management was unable to provide a current, up to date written policies and procedures manual for the primary financial/business functions of the Board, including written policies and procedures pertaining to processing and approval of travel expenses and reimbursements, payments to contractors, compensation adjustments and employee leave requests. Based on the information received, the policies and procedures manual has not been kept up to date as the office is staffed with only six people and any required changes to policies and procedures are communicated verbally.

Recommendation

The Board's management should review and update the current policies and procedures manual to reflect the current operating environment of the Board.

Management's Corrective Action Plan

The Board's management agrees to the recommendations of the Auditor. The Board's management will update its policies pertaining to procedures for the primary financial/business functions including processing of travel expenses, reimbursements, payments to contractors, compensation, and employee leave requests. Compensation adjustments are voted on by the Board Members at Board meetings. There is no internal policy but for Board Member votes regarding compensation adjustments, and the Board is in compliance with Civil Service rules regarding Optional Pay Adjustment Policies as provided in Civil Service Rule 6.16.2.

2011-2 Written Approval of Travel Reimbursements

Finding

Inspection of the documentation supporting all of the expense reimbursements of the three selected persons indicated three instances of missing written approvals by someone other than the person receiving reimbursement. Results of testing indicated that the reimbursements in question were of proper business purpose and were properly approved. However, explicit

evidence of management's written review and approval was missing on the reimbursement request forms.

Recommendation

The Board's management should ensure that the proper review and approval of all expense reimbursement requests is performed and evidenced by manual signature of the reviewing and approving management member.

Management's Corrective Action Plan

The Board normally does follow a procedure where the Executive Director approves all expense reimbursements evidenced by manual signature. However, these three isolated incidents were due to a lack of oversight. More attention will be paid in the future.

2011-3 Record of Employee Attendance & Leave

Finding

Inspection of the documentation supporting the attendance and leave records of the Board indicated no formal record of attendance and leave of Board employees is currently maintained. Additionally, no formal written approval of requested leave for each employee is currently maintained. Results of testing indicated that the Executive Director currently records requested leave dates on a calendar maintained in his office, however, no formal request process evidenced by written review and approval currently exists. Additionally, no formal attendance records are maintained to ensure all planned and unplanned absences are documented and reviewed.

Recommendation

The Board's management should develop a formalized system to track the attendance and leave of all employees. Included in this formalized system should be a review and approval process of requested leave dates which is evidenced by reviewed and approved documentation of the respective request.

Management's Corrective Action Plan

The Board's management shall create a daily sign in sheet which shall be reviewed on a weekly or monthly basis by the Executive Director to determine hours worked. A uniform application form has been created to require the employee to request leave in a written format giving the dates and reasons for the leave and is effective immediately for all leave requests. The form shall be signed by the employee and approved by the Executive Director and kept in the leave file.

2011-4 Termination & Leave Payment Documentation

Finding

Inspection of the documentation supporting the termination payments (including vacation, sick, compensatory time, etc.) indicated the existence of no explicit termination or related disbursements during the period under examination. Currently, there is no tracking within the payroll system of terminations, vacation, sick, compensatory or related payroll disbursements to employees. Semi-monthly payroll details reflect only the salary earned by each employee regardless of whether employees were in attendance or on leave during the respective pay period.

Recommendation

The Board's management should ensure the payroll reports detail the vacation and leave time taken by all employees. Additionally, the Board's management should formally review and approve the payroll reports to ensure consistency between the attendance and leave records and the payroll records of the Board.

Management's Corrective Action Plan

The Board's management agrees to the recommendations of the Auditor and shall instruct its payroll processor to detail payments made for sick, vacation, or compensatory time in the bi-monthly reports received from the payroll processing center.

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA**

**Schedule of Prior Year Findings
For the Year Ended June 30, 2010**

Section I Internal Control and Compliance Material to Financial Statements

N/A

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

N/A

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA**

**Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2011**

Commissioner	No. of Days	Amount
Aubrey Baudean	2	\$ 300
H.O. Blackwood, III	12	1,800
Patricia Cassidy	9	1,350
Christine M Guillaume	7	1,050
Wilton Guillory	23	3,450
Romell J. Madison***	21	6,750
Dean Manning	35	5,250
Francis Martello	9	1,350
Russell Mayer	11	1,650
Charles T. McCabe, Jr. D.M.D.**	9	4,950
Conrad P. McVea, Jr.	28	4,200
David Melancon	6	900
James Moreau	18	2,700
Lynn Philippe	7	1,050
John Taylor	11	1,650
Samuel A. Trinca	47	7,050
Total		\$ 45,450

**Board President from June 2010 to December 2010.

***Board President from January 2011 to June 2011.

Board President receives \$600 per month, plus reimbursement of \$150 per meeting day